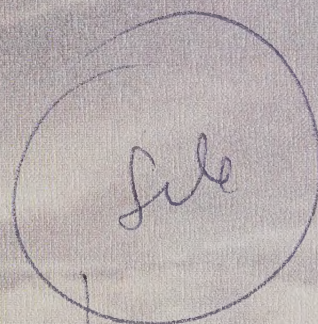


AR37

**ANNUAL  
REPORT  
1967**



**RANGER OIL (CANADA) LIMITED**



# RANGER OIL (CANADA) LIMITED

---

## Officers and Directors

J. M. PIERCE, B.Sc., P.Eng., President and Director ..... Calgary, Alberta  
E. O. PARRY, Vice-President, Secretary-Treasurer and Director ..... Calgary, Alberta  
F. R. MATTHEWS, Q.C., Director ..... Calgary, Alberta  
E. M. BRONFMAN, Director ..... Montreal, Quebec  
W. B. MILNER, Director ..... Vancouver, B.C.

## Registrar and Transfer Agent

GUARANTY TRUST COMPANY OF CANADA  
311 - 8th Avenue S.W., Calgary, Alberta  
88 University Avenue, Toronto, Ontario  
427 St. James Street West, Montreal, Quebec  
624 Howe Street, Vancouver, B.C.

## Solicitors

MacKIMMIE, MATTHEWS, WOOD, PHILLIPS & SMITH  
505 - 2nd Street S.W., Calgary, Alberta

KEITH, GANONG, MAHONEY & KEITH  
25 Adelaide Street West, Toronto, Ontario

LATHROP, LATHROP & UCHNER  
Cheyenne, Wyoming

COLLINS, HUGHES, MARTIN, PRINGLE & SCHELL  
1400 Wichita Plaza Building, 145 North Market Street, Wichita 2, Kansas

NORTON, ROSE, BOTTERELL & ROCHE  
Kempson House, Camomile Street, Bishopgate, London, E.C. 3, England

## Auditors

RIDDELL, STEAD, GRAHAM & HUTCHISON  
407 - 8th Avenue S.W., Calgary, Alberta

## Bankers

THE ROYAL BANK OF CANADA  
Main Branch, Calgary, Alberta

THE FOURTH NATIONAL BANK  
AND TRUST COMPANY, WICHITA  
Wichita, Kansas

## Principal Business Office

Second Floor, 300 - 5th Avenue S.W., Calgary 1, Alberta

## Registered Office

25 Adelaide Street West, Toronto, Ontario

---

*The Front Cover —  
Rainbow, Alberta Drilling  
Ranger-Husky 4-14  
October, 1967*

## SENIOR PERSONNEL:

A. G. HALL, B. COMM., P.ENG.  
D. G. FLANAGAN, R.I.A.  
D. G. PENNER, B.SC., P.GEOL.  
GLENN BRANT, B.SC., P.ENG.  
KEN HESKETH, B.SC., P.ENG.

*Executive Assistant  
Assistant Secretary  
Chief Geologist  
Chief Consulting Engineer  
Resident Consulting Engineer*

## 1967 Highlights:

- RAINBOW AREA: Ranger 5-36 well completed, placed on steady production, and pooled. Ranger interest 100%.
- RAINBOW AREA: Crown Reserve land purchased for \$2,150,000. Excellent oilwell drilled, completed, and placed on steady production. Ranger interest 39.5%.
- FINANCING: Successful rights issue adds \$3,000,000.
- VIKING-KINSELLA: Re-negotiated gas contract on favourable terms.
- MITSUE: Substantial unitization progress.
- EXPANDED EXPLORATION: Canada, Wyoming, and Alaska.

## Highlights of Operations:

FINANCIAL	1967	1966
Working capital (deficiency) .....	\$ 252,134	\$ (97,250)
Long term debt .....	—	1,289,240
Net income from oil and gas sales after royalty and lifting costs .....	532,391	492,763
Operating cash flow .....	180,539	282,937
Net (loss) earnings .....	(121,212)	334,734
Number of shares outstanding (December 31) .....	2,964,002	1,979,704
<b>OPERATIONS</b>		
Oil production — before royalty		
Annual — barrels .....	211,046	216,445
Average per day — barrels .....	578	593
Gas production — before royalty		
Annual — billion cubic feet .....	1.733	1.709
Average per day — million cubic feet .....	4.748	4.683
Net acreage .....	765,743	1,044,398
Net productive wells		
Oil .....	29	27
Gas .....	12	12
Proven developed reserves — after royalty		
*Oil — barrels .....	8,400,000	8,600,000
Gas — billion cubic feet .....	73.748	75.481

\*Due to the necessity of keeping the information on Rainbow properties confidential, these figures do not include Rainbow reserves.



## President's Report to Shareholders

The year 1967 was highlighted by your company's successful exploration and development program in the Rainbow area of northwestern Alberta. This program was initiated three years ago and has now met with outstanding success. Two excellent oil wells in which Ranger has a major interest were completed and placed on production and a highly prospective quarter-section which will be drilled shortly was acquired in January, 1968.

No revenues from these wells is attributable to the 1967 fiscal year, however income from a full year's production in 1968 will contribute significantly to cash flow in 1968. Revenues from this source and from our Mitsue properties, now being unitized and waterflooded, will also increase substantially in 1969 and thereafter.

In addition to the Rainbow program, your company expanded its exploration activities in other areas, completed a highly successful financing, made substantial progress in unitizing Mitsue, and re-negotiated the gas purchase contract at Viking-Kinsella on much more favourable terms.

Details for these activities are outlined below:

Ranger revenue from all sources in 1967 was \$696,647 compared to \$1,003,103 last year. Principal reason for the decrease was the large gain on sale of properties in 1966 which did not re-occur this year.

On the other hand, income from oil and gas sales after royalty and lifting costs increased to \$532,391 from \$492,763 in 1966.

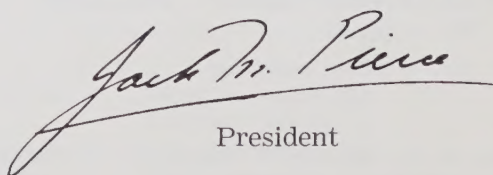
Operating results for the year showed a loss of \$121,000 compared to net earnings of \$335,000 in the previous year. This decline was due to the sale of properties in 1966 previously mentioned and the much higher write-off of properties surrendered in the current year.

A major increase in revenues will occur in 1968 largely due to first production from the two Rainbow wells. Smaller increases are forecast from Viking-Kinsella and Mitsue. Mitsue revenues will increase sharply in the last quarter of 1968 when credit will be given for additional water flood recovery reserves and the full benefit will be reflected in 1969 when a complete year of higher production occurs. The company's cash flow in 1968 is expected to be about 3 times that of 1967 which was \$180,539.

Your company undertook additional financing in 1967 in the form of a Rights Issue which significantly strengthened its financial position. A net total of \$3,073,377 was raised through the exercise of rights issued to existing shareholders to acquire one new share for each two shares held. These rights received an excellent reception with in excess of 97% being exercised. Funds acquired were used primarily to retire outstanding bank loans which originally financed our Mitsue and Rainbow acquisitions. The remainder added to our working capital position which at March 31, 1968 amounted to \$400,000.

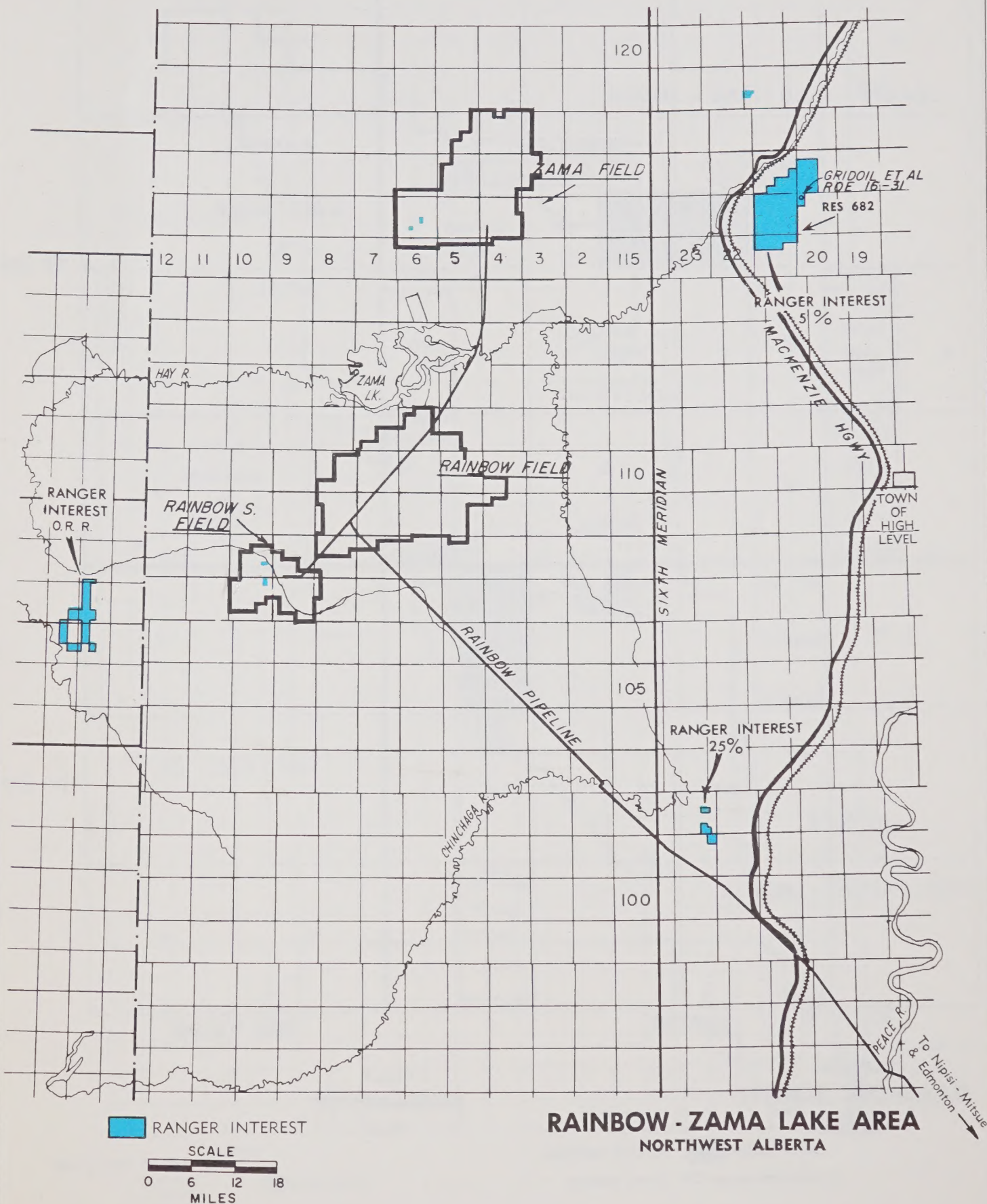
Capital expenditures in 1967 amounted to \$1,717,179 almost all in Rainbow.

SUBMITTED ON BEHALF OF THE BOARD OF DIRECTORS

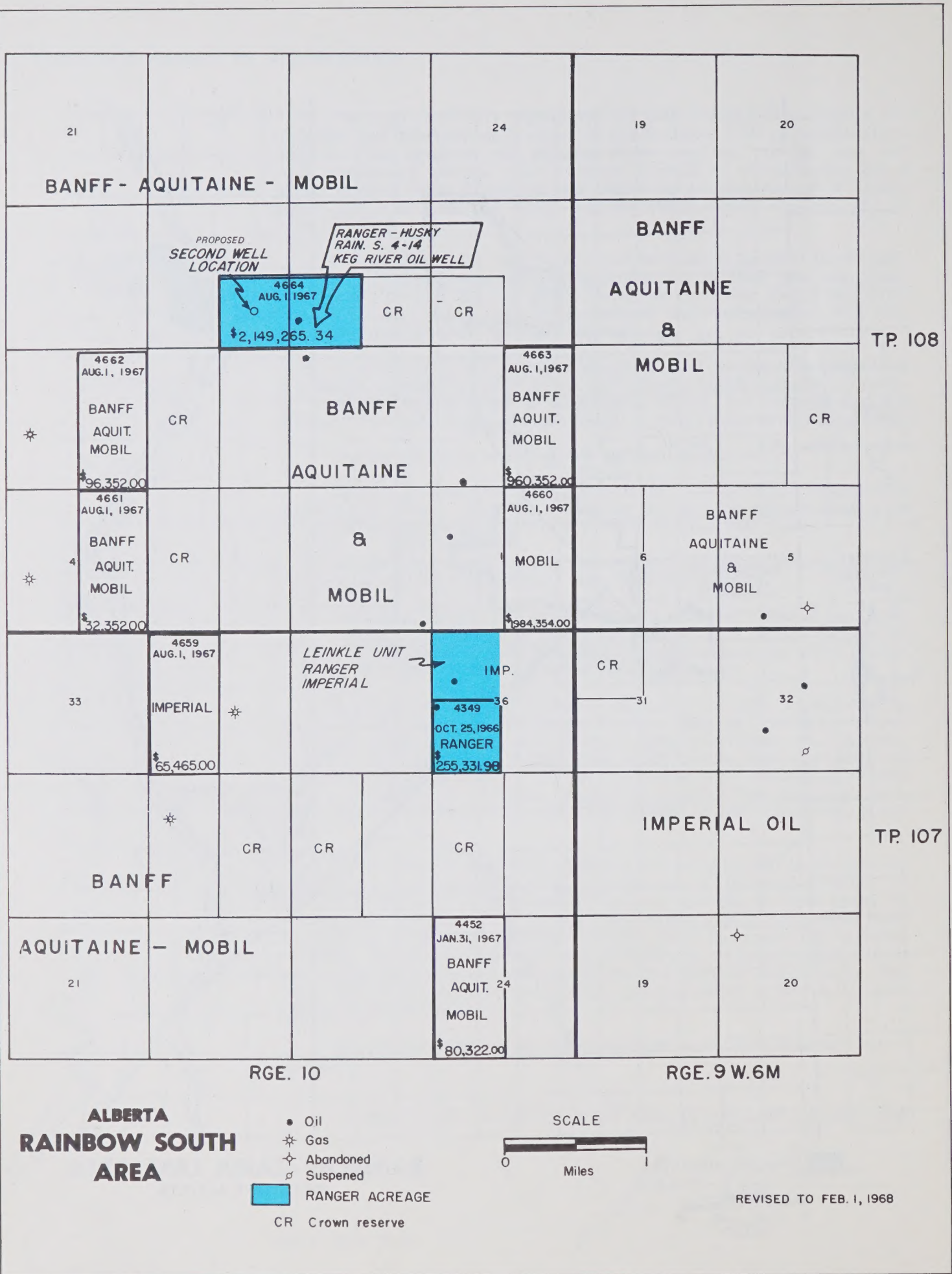
  
President

April 26th, 1968





# RAINBOW - ZAMA LAKE AREA NORTHWEST ALBERTA



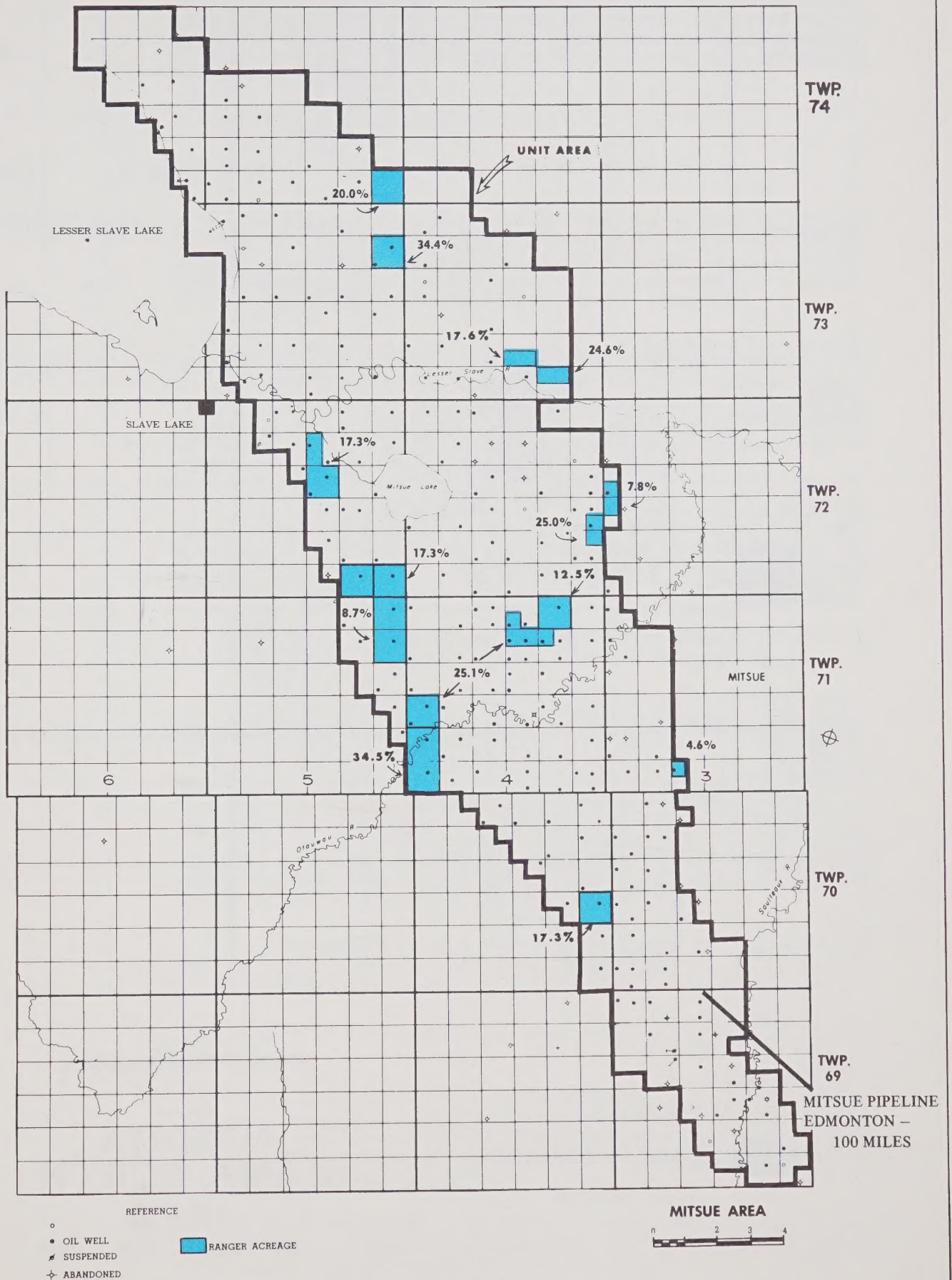


R. 6.

R. 5

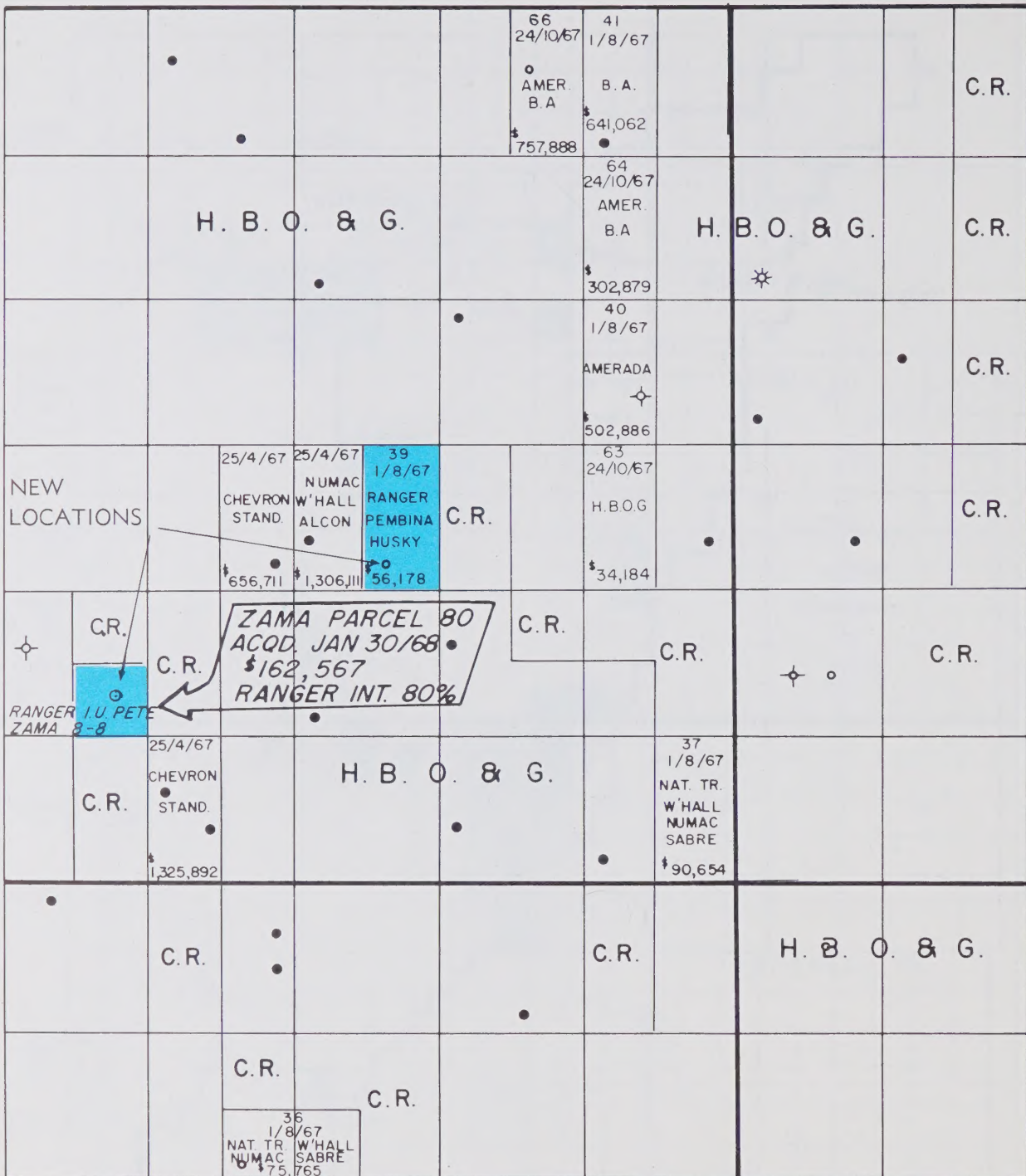
R. 4

R. 3, W. 5 M.



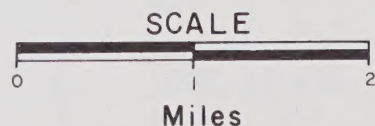
RGE. 6W.6M.

RGE. 5

TP.  
116TP.  
115

- \* Gas
- o Location
- Oil
- ⊕ Abandoned

RANGER ACREAGE  
C.R. Crown Reserve



ALBERTA  
ZAMA NORTH  
AREA

REVISED TO FEB. 1, 1968



## EXPLORATION AND DEVELOPMENT

The year 1967 was your company's most successful year in terms of exploration and development. While these activities were concentrated in the Rainbow-Zama areas of northwestern Alberta, our substantial offshore holdings on the east and west coasts of Canada, and our new acquisitions at Cook Inlet, Alaska continue to benefit from increased exploration by major companies. In addition, important farmouts were arranged in Wyoming and Alberta.

Details of these activities follow:

### RAINBOW-ZAMA

This region continues to be the focus of industry attention due to its potential for high reserve pools of high quality crude oil. Ranger initiated an exploration program in this area following the discovery well drilled three years ago and is currently the manager-operator of a group of substantial companies actively participating in this play.

These efforts were first rewarded late in 1966 when Ranger et al drilled a co-discovery Keg River oilwell in LSD 5-36-107-10-W6. Your company later purchased an additional 50% interest from other participants and now owns the entire 100% in this lease. After completing and placing the well on production, a pooling arrangement with a north offset well was entered into to the effect that Ranger now has an assured equity share of a very substantial Rainbow Keg River Reef pool.

Due to delays in marketing, no revenues were received from this source in 1967, however initial income will occur in 1968 with major increases in 1969 and thereafter when secondary recovery is initiated, and the new Alberta proration system based primarily on reserves becomes fully operative.

We consider the Leinkle property to be one of the most valuable and profitable assets to be acquired by your company since its start.

Additional exploration work in 1967 led to our second major acquisition at Rainbow — a 320 acre lease acquired at the Aug. 1, 1967 Crown Reserve sale for a bonus consideration of \$2,150,000. A well Ranger Husky Rain S 4-14-108-10 was subsequently drilled on the east half of this parcel and proved the existence of a thick oil bearing reef with high flow capacity. This well was officially placed on steady production in late 1967, but due to delay in battery and pipeline construction, which is normal during the winter season in this remote area, this well did not contribute to 1967 income. Production facilities have now been completed and the well will make a substantial contribution to earnings in 1968, with further major increases in the following year.

Additional detailed seismic indicates an extension of this reef into the west half of this parcel and a second well is being considered. Ranger interest 39.5%

Further seismic work in the Zama area led to the following two acquisitions:

SE $\frac{1}{4}$  8-116-6-W6M: — acquired by Ranger, International Utilities Petroleum Corporation, and Bralsaman Petroleum Limited, at the January 30th, 1968 Crown Reserve sale for a bonus consideration of \$163,000. This parcel overlies an indicated high reef build-up and will be drilled immediately. Ranger interest — 80%.

E  $\frac{1}{2}$  15-116-6-W6M: — acquired by Ranger, Pembina Pipe, Husky, International Utilities, and Bralsaman, for a bonus consideration of \$56,000 at the August 1st, 1967 Crown Reserve sale. Ranger interest — 25%.



Ranger participated to the extent of 5% in a seismic survey and subsequent test well on a 43,000 acre block of land in the Roe Creek area east of Zama.

## OTHER AREAS

**Canada:** Alberta — Steveville Cessford:

A farmout of a 13,000 acre permit (Ranger interest 100%) and an additional 14 sections of P. & N. G. Leases (Ranger interest 45%) has been made to a substantial independent. The agreement provides for a cash consideration plus a well to be drilled at no cost to Ranger on the permit with Ranger retaining a substantial over-riding royalty. An option was given to earn a similar interest in the lease lands by drilling a second well. The first well will be spudded prior to June 1, 1968.

Alberta — North Central:

Ranger acquired two 20,000 acre sulphur permits in north-central Alberta. This area has received considerable attention due to evidence of native sulphur deposits and the current tight supply-demand outlook for sulphur.

**U.S.A.:** Alaska:

Ranger participated with a group of companies in the acquisition of approximately 20,000 acres in Cook Inlet at the July, 1967 Alaska State sale. Total consideration paid for these lands was \$520,643 with Ranger participation being 4.7%. Alaskan production comes almost entirely from Cook Inlet and has doubled in the last year to a current 150,000 bopd with 200,000 bopd forecasted by year end. Individual wells have high productive capacities, are not restricted by pro-rationing, have no restrictions on access into the U.S. market, and produce a high quality crude oil with current wellhead prices averaging \$3.10 per bbl.

Ranger's holdings are well located to benefit from exploration by adjacent major operators and there is a possibility that a well may be drilled on our eastern block of land during 1968.

Wyoming:

Ranger has continued to maintain existing leases in Wyoming and has actively acquired additional interests. A considerable number of these properties are located in the Powder River Basin area which is receiving renewed attention as a result of major discoveries at Bell Creek, Montana, and to the southwest in Wyoming.

## PRODUCTION

Oil production before royalties averaged 578 bopd in 1967 compared to 593 bopd in 1966. This small decrease is due to natural decline from existing fields which has not yet been offset by new sources at Mitsue and Rainbow. Production will accelerate sharply in 1968 with a further substantial increase in 1969.

Gas production averaged 4.748 MMcf/day in 1967 compared to 4.683 MMcf/day in the previous year.

Production from Viking-Kinsella was still restricted by flare gas from oilfields which has priority in markets served by our purchaser, Northwestern Utilities. This situation has now been remedied by a new gas purchase contract which will result in substantial increases in revenues beginning in 1968. This contract provides for the sale of 10,000,000 Mcf of gas over a five year period beginning January 1, 1967. Sales for the remaining four year period beginning January 1, 1968 will average a minimum 6,000 Mcf/day compared to 3,600 Mcf/day in 1967. In addition



a 20% increase in price to 12¢ per Mcf at wellhead was obtained. With the expiration of this contract, Ranger and partner will be free to contract remaining reserves estimated at 100,000,000 Mcf with any potential purchaser at prices and volumes more in line with existing sales contracts. With the increasing demands for natural gas we anticipate that income from Viking-Kinsella will increase substantially. Ranger interest 50%.

## UNIT ACTIVITY

Mitsue:

Substantial progress was made in unitizing the Mitsue field in 1967 with expected effective unit date May 1, 1968. Installation of water flood facilities is nearing completion and credit for secondary recovery is expected October 1, 1968. Under the new Alberta proration system well allowables are directly proportional to reserves. Accordingly, Mitsue production will accelerate sharply beginning the last quarter of 1968.

Other Areas:

Progress was also made in unitizing other company properties at Rapdan in Saskatchewan, Peejay in British Columbia and Foothills field in North Dakota. Effective date of the Rapdan Unit is Jan. 8, 1968.

## LAND

Ranger land holdings at December 31, 1967 totalled 765,743 net acres, compared to 1,044,398 net acres in 1966.

New land holdings were acquired at Rainbow Zama, Alberta, (40,000 acres sulphur permits), Wyoming and Alaska.

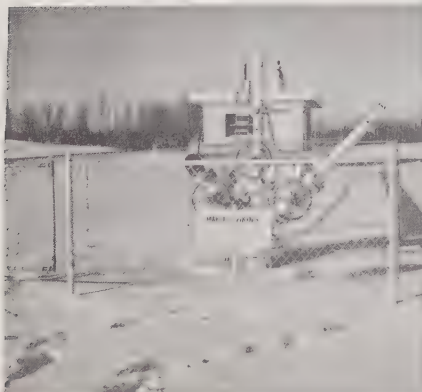
Major areas of interest are shown on the accompanying maps with Ranger holdings coloured blue.



RAINBOW Production Testing. Ranger Husky 4-14, April 1968



NORTH DAKOTA: Pan American -- Ranger Well



VIKING -- KINSELLA GAS FIELD



Company Plane on Rainbow Air Strip



RGE. 9 W. 4

RGE. 8 W. 4 M



## REFERENCE

- LOCATION
- ⊙ ABANDONED
- ☼ GAS WELL

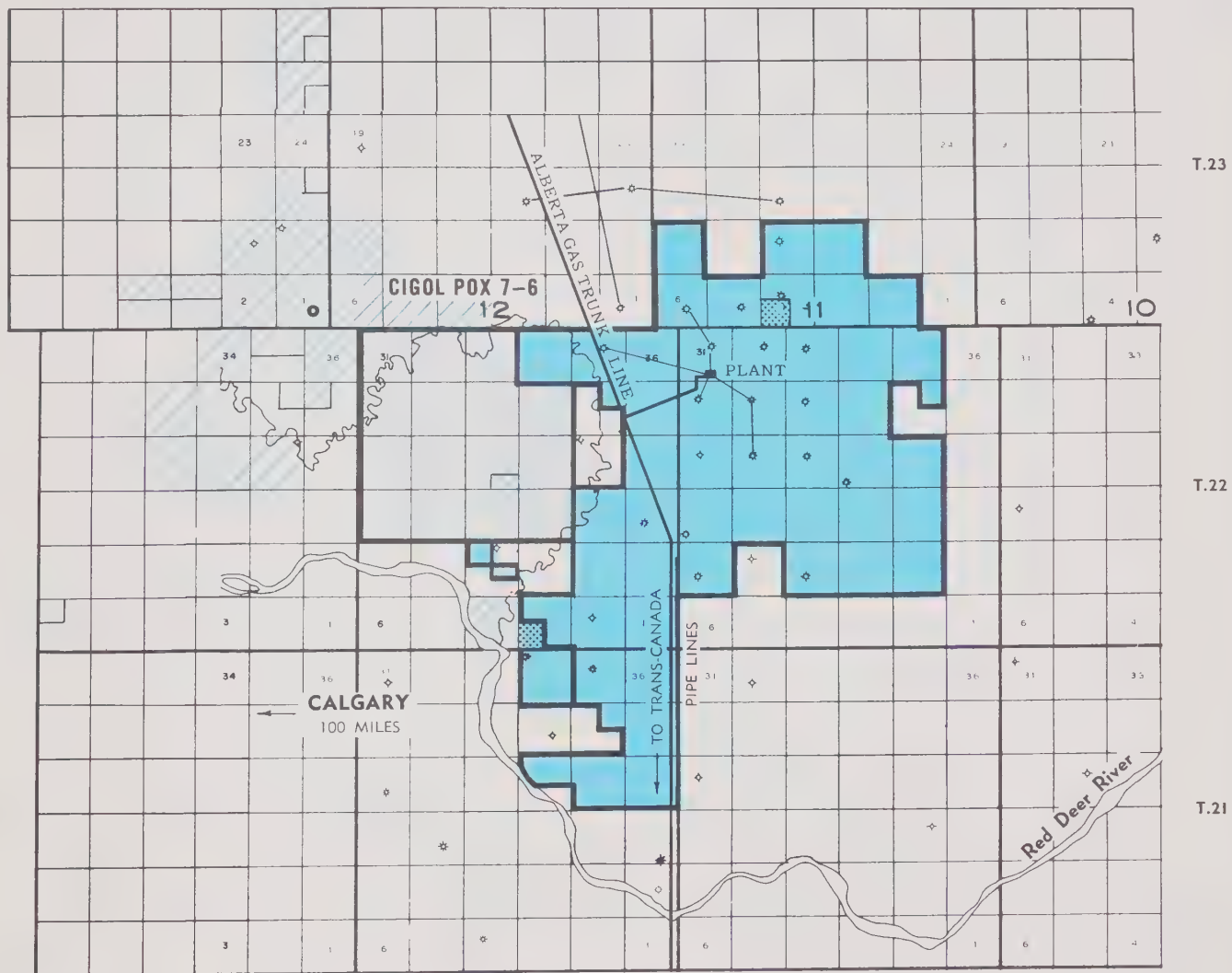
— GAS PIPE LINE :

RANGER ACREAGE

— UNIT AREA

VIKING KINSELLA AREA  
ALBERTA





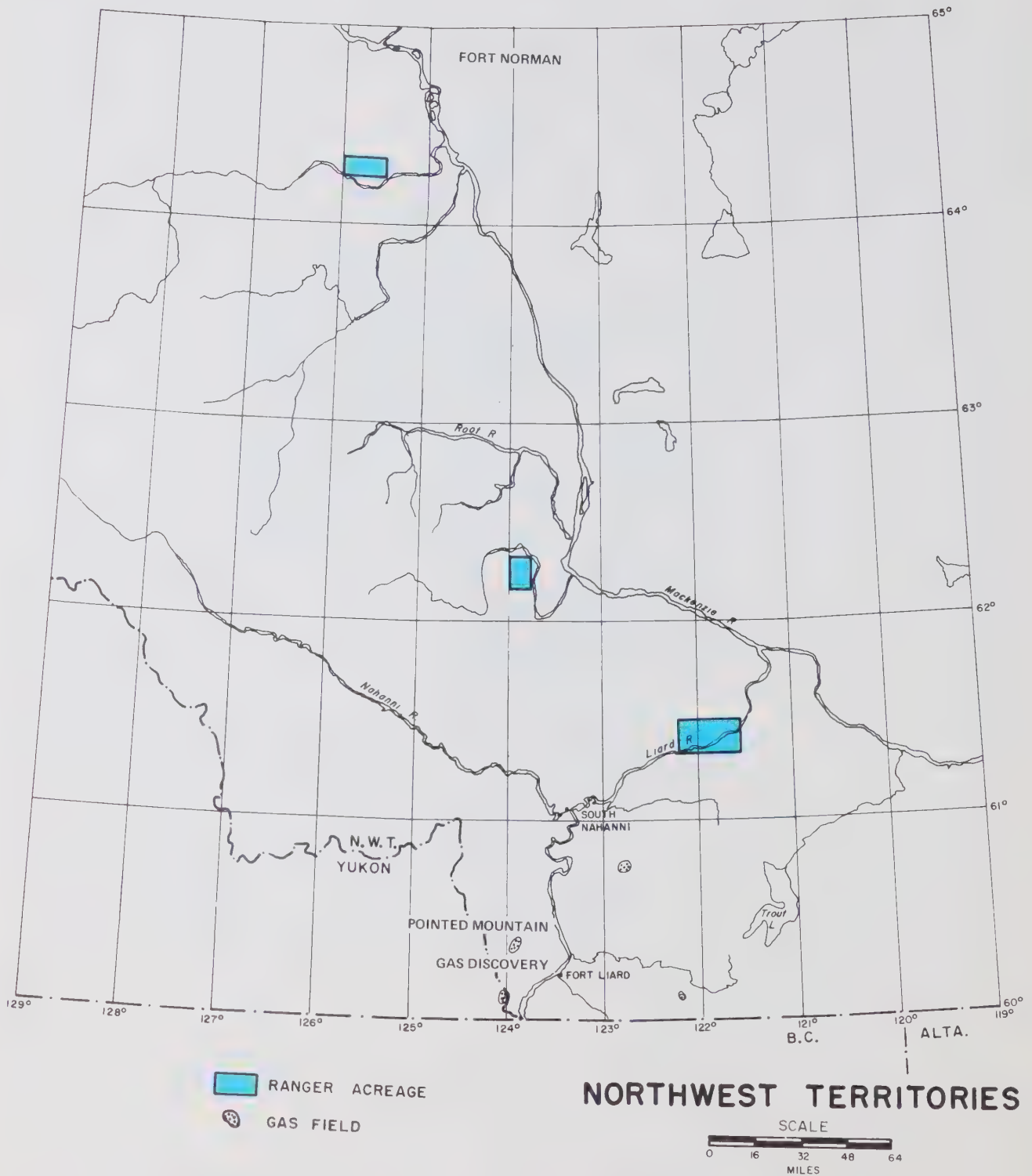
# REFERENCE

- GAS LEASES, RANGER 40.85 %
- GAS LEASES, RANGER 14.3 %
- GAS WELL
- ABANDONED
- P. & N.G. LEASES, RANGER 33.3 %
- GAS PIPE LINE
- PERMIT, RANGER 9 % ORR

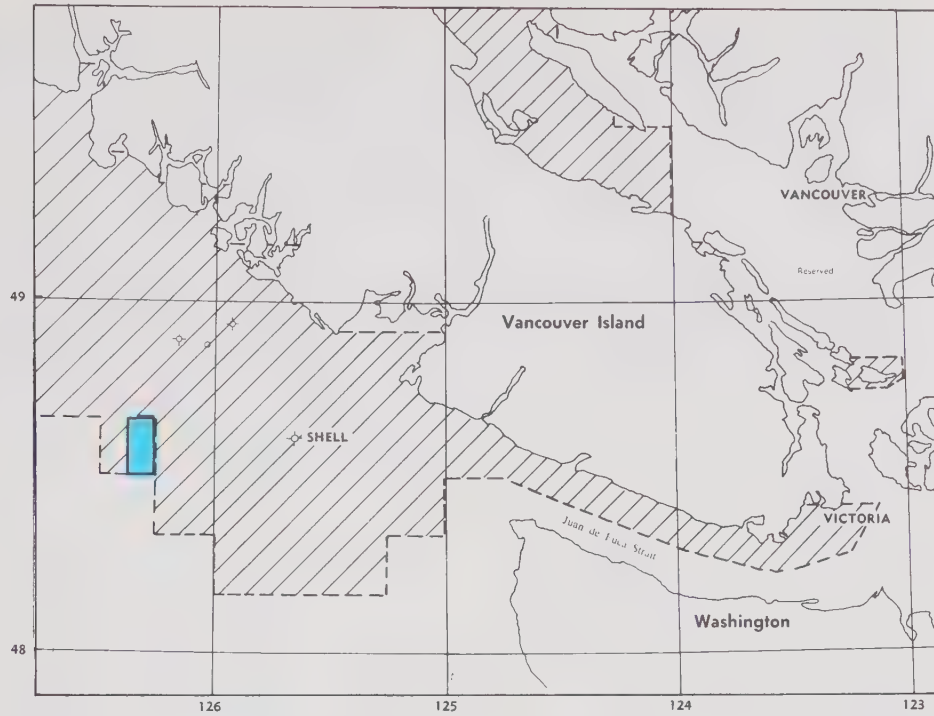
## STEVEVILLE AREA ALBERTA











WEST COAST OFFSHORE PERMITS



ATLANTIC OFFSHORE PERMITS







## NORTHERN ALBERTA SULPHUR PERMITS



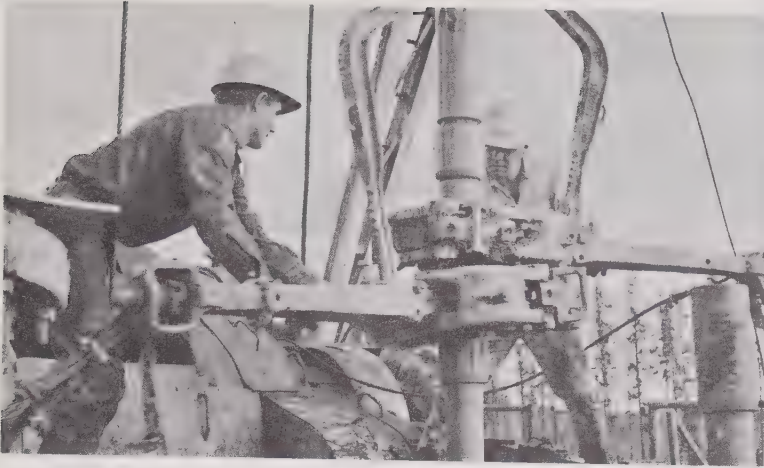
Working on Rainbow Well



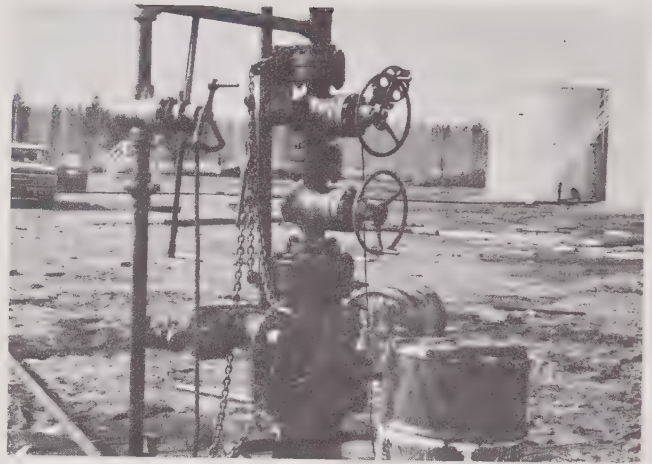
Detail seismic lines. Ranger Husky Rainbow Lease



# RAINBOW FIELD ACTIVITY



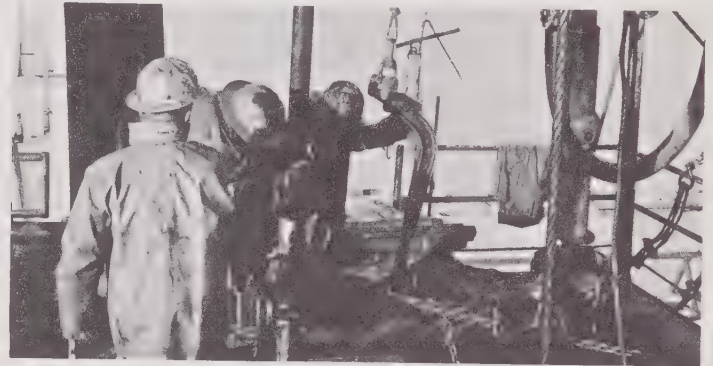
Drilling Ranger 5-36



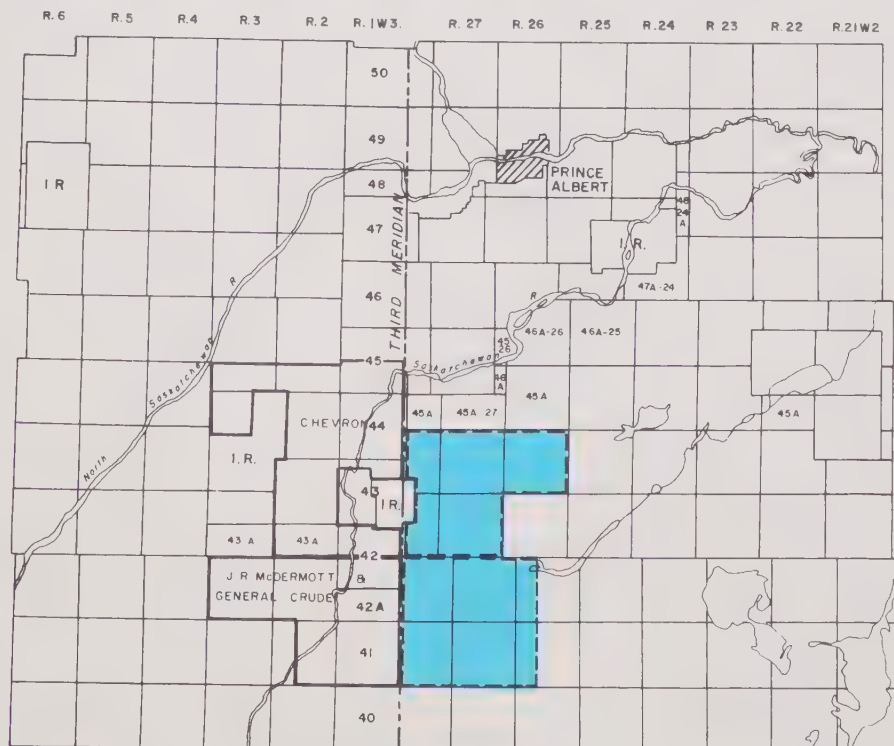
Ranger - Husky. 4-14 Well head and Battery



RAINBOW PIPELINE Pump Station on Ranger - Husky 4-14 Lease



Drilling Ranger - Husky 4-14



PRINCE ALBERT AREA

REFERENCE  
RANGER ACREAGE

SCALE  
0 8 16  
MILES

# RANGER OIL COMPANY

Ranger Oil Company of Lusk, Wyoming, is a subsidiary of Ranger Oil (Canada) Limited.

## Officers and Directors

J. M. PIERCE, B.Sc., P.Eng.	President and Director
R. CHAMBERLAIN	Secretary and Director
E. O. PARRY	Treasurer and Director
W. B. MILNER	Director
E. M. BRONFMAN	Director
<hr/>	
D. G. FLANAGAN	Assistant Secretary

Ranger Oil Company has production in Wyoming, Kansas and North Dakota.

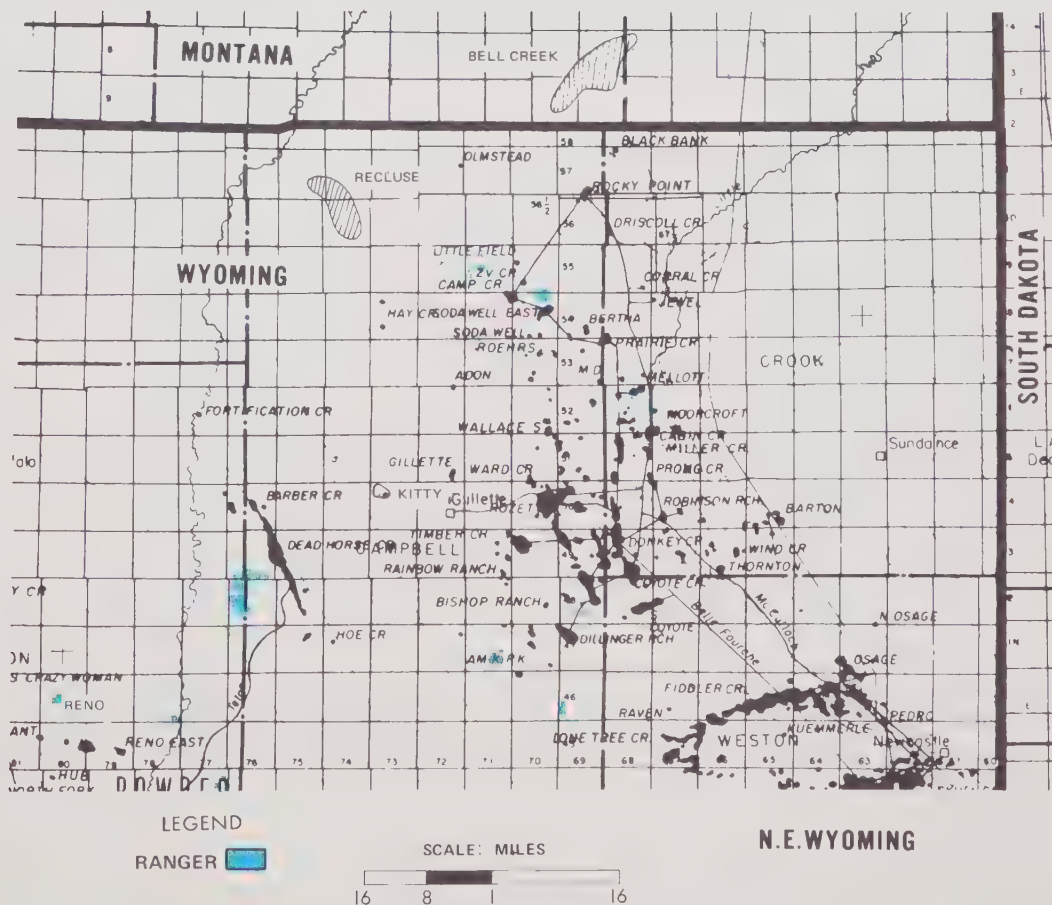
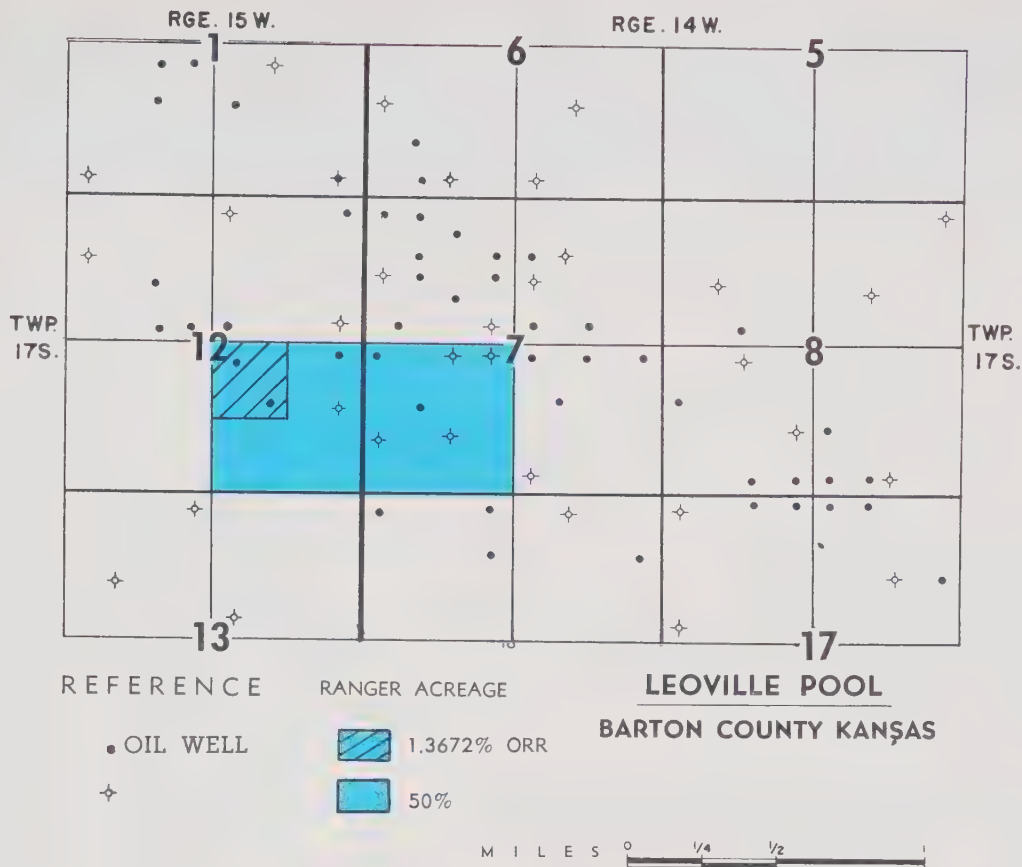
The company has land holdings in these states and Alaska, Colorado, Louisiana, Mississippi, Montana, New Mexico, South Dakota, Utah, and Pennsylvania.

Ranger has extensive holdings on two large structures in Wyoming that have very substantial wildcat potential.

Ranger Oil Company was the successful bidder at the April 9, 1968 Pennsylvania State sale for 4,877.41 acres of offshore lease in Lake Erie.







# RANGER OIL (CANADA) LIMITED

and subsidiary companies

## Consolidated Balance Sheet

### ASSETS

	<u>1967</u>	<u>1966</u>
<b>CURRENT ASSETS</b>		
Cash . . . . .	\$ 179,157	\$ 224,228
Marketable securities, at cost (Quoted market value 1967 — \$10,125; 1966 — \$40,055) . . . . .	14,985	35,238
Accounts receivable . . . . .	430,580	142,967
	<u>624,722</u>	<u>402,433</u>
<b>OTHER INVESTMENTS AND ADVANCES, at cost . . . . .</b>	<u>18,584</u>	<u>16,888</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Petroleum and natural gas leases, reservations and rights, including development and equipment thereon		
Producing, at cost . . . . .	6,848,481	5,151,193
Accumulated depletion and depreciation . . . . .	1,517,602	1,401,708
	<u>5,330,879</u>	<u>3,749,485</u>
Non-producing, at cost less amounts written off . . . . .	759,567	966,187
Other equipment, at cost less accumulated depreciation . . . . .	20,368	26,120
	<u>6,110,814</u>	<u>4,741,792</u>
<b>OTHER ASSETS</b>		
Loan to officer for purchase of residence . . . . .	—	44,400
Miscellaneous . . . . .	41,573	34,350
	<u>41,573</u>	<u>78,750</u>
	<u>\$ 6,795,693</u>	<u>\$ 5,239,863</u>

The accompanying notes are an integral part of this financial statement.



at December 31, 1967

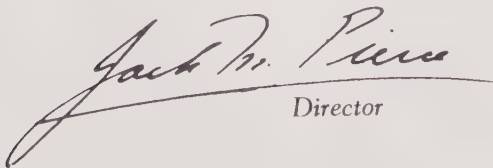
LIABILITIES

	1967	1966
CURRENT LIABILITIES		
Bank loans (Note 3)	\$ 225,539	\$ 360,000
Accounts, payable and accrued	147,049	139,683
	<u>372,588</u>	<u>499,683</u>
LONG TERM DEBT		
Bank loans	—	1,649,240
Current maturity	—	360,000
	<u>—</u>	<u>1,289,240</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 4)		
Authorized		
100,000 preferred shares with a par value of \$50 each		
4,500,000 common shares of no par value		
Issued		
2,964,002 (1966 — 1,979,704) common shares	6,904,516	3,750,547
DEFICIT	481,411	299,607
	<u>6,423,105</u>	<u>3,450,940</u>

Signed on behalf of the Board:

  
Director

  
Director

<u>\$ 6,795,693</u>	<u>\$ 5,239,863</u>
---------------------	---------------------

# RANGER OIL (CANADA) LIMITED

and subsidiary companies

## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

	<u>1967</u>	<u>1966</u>
REVENUE		
Oil and gas . . . . .	\$ 664,242	\$ 665,388
Investment . . . . .	6,941	21,402
Other . . . . .	15,148	46,649
Gain on sale of properties . . . . .	10,316	269,664
	<u>696,647</u>	<u>1,003,103</u>
EXPENSES		
Well operating . . . . .	131,851	172,625
Carrying costs of non-producing properties . . . . .	46,804	43,951
Exploration and unproductive development . . . . .	36,057	3,585
Properties surrendered . . . . .	192,013	69,107
General and administrative . . . . .	166,213	133,608
Depletion of producing properties . . . . .	80,930	75,257
Depreciation of equipment . . . . .	56,760	62,146
Interest . . . . .	107,231	108,090
	<u>817,859</u>	<u>668,369</u>
NET (LOSS) EARNINGS . . . . .	<u>\$ (121,212)</u>	<u>\$ 334,734</u>

## CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1967

	<u>1967</u>	<u>1966</u>
DEFICIT AT BEGINNING OF YEAR . . . . .	\$ 299,607	\$ 622,450
Net (loss) earnings for the year . . . . .	(121,212)	334,734
	<u>420,819</u>	<u>287,716</u>
Share issue expense (Note 4) . . . . .	60,592	11,891
DEFICIT AT END OF YEAR . . . . .	<u>\$ 481,411</u>	<u>\$ 299,607</u>

The accompanying notes are an integral part of these financial statements.



# RANGER OIL (CANADA) LIMITED

## and subsidiary companies

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

	<u>1967</u>	<u>1966</u>
<b>SOURCE OF FUNDS</b>		
Funds provided by operations		
Net (loss) earnings . . . . .	\$ (121,212)	\$ 334,734
Charges (credits) not involving funds . . . . .		
Properties surrendered . . . . .	178,081	69,107
Depletion of producing properties . . . . .	80,930	75,257
Depreciation of equipment . . . . .	56,760	62,146
Gain on sale of properties . . . . .	(10,316)	(269,664)
Other . . . . .	( 3,704)	11,357
	<u>180,539</u>	<u>282,937</u>
Proceeds on sale of properties . . . . .	40,580	329,813
Capital stock issued less share issue expense (Note 4) . . . . .	3,093,377	722,719
Repayment of officer's loan . . . . .	44,400	—
Other . . . . .	5,737	22,838
	<u>3,364,633</u>	<u>1,358,307</u>
<b>APPLICATION OF FUNDS</b>		
Property, plant and equipment . . . . .	1,717,179	866,512
Reduction of long term debt (net) . . . . .	1,289,240	120,760
Other . . . . .	8,830	—
	<u>3,015,249</u>	<u>987,272</u>
<b>INCREASE IN WORKING CAPITAL . . . . .</b>	<b>349,384</b>	<b>371,035</b>
Working capital (deficiency) at beginning of year . . . . .	(97,250)	(468,285)
<b>WORKING CAPITAL (DEFICIENCY) AT END OF YEAR . . . . .</b>	<b><u>\$ 252,134</u></b>	<b><u>\$ ( 97,250)</u></b>

The accompanying notes are an integral part of this financial statement.

## AUDITORS' REPORT

To the Shareholders  
Ranger Oil (Canada) Limited

We have examined the consolidated balance sheet of Ranger Oil (Canada) Limited and its subsidiaries as at December 31, 1967 and the consolidated statements of earnings, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta.  
March 12, 1968.

RIDDELL, STEAD, GRAHAM & HUTCHISON  
Chartered Accountants

# RANGER OIL (CANADA) LIMITED

## and subsidiary companies

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1967

#### Note 1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the company include the accounts of all subsidiary companies, each of which is wholly-owned.

The accounts of foreign subsidiaries are converted to Canadian dollars on the following basis:

##### (a) Current Assets and Current Liabilities

At the rate of exchange in effect as at the balance sheet date.

##### (b) Fixed Assets

At the average rate of exchange, for the years in which the respective underlying assets were acquired.

##### (c) Revenue and Expenses

At the average rate of exchange for the year.

#### Note 2 ACCOUNTING POLICIES

It is the company's policy to charge all exploration expenses and carrying charges of non-producing properties to income as incurred. Lease acquisition costs are capitalized and are charged to income when the property is determined to be unproductive. The cost of drilling a productive well is capitalized and the cost of an unproductive well is charged to income when the well is determined to be dry. The costs of producing leases and producing wells are depleted using the unit of production method based upon estimated recoverable quantities of gas and oil as determined by the company.

#### Note 3 BANK LOANS

Bank loans are secured by the company's interests in certain oil and gas properties and are repayable out of production from those properties.

#### Note 4 CAPITAL STOCK

##### (a) Authorized Capital

By Supplementary Letters Patent dated September 1, 1967, the company increased its authorized capital to 4,500,000 common shares without nominal or par value and 100,000 preferred shares with a par value of \$50 each.

##### (b) Shares Issued for Cash

During the year the company issued 984,298 shares for cash as shown below:

	Number of Shares	Consideration
Issued under an offer to existing shareholders to subscribe for one share for each two shares held at \$3.25 per share .....	964,298	\$3,133,969
Issued to the President of the company on exercise of an option previously granted, at \$1 per share .....	20,000	20,000
	<u>984,298</u>	<u>\$3,153,969</u>

Share issue expense of \$60,592 has been charged to deficit.

##### (c) Shares Reserved for Issue Under Options

As of December 31, 1967, employees held options to purchase 75,000 shares of the company's capital stock as follows:

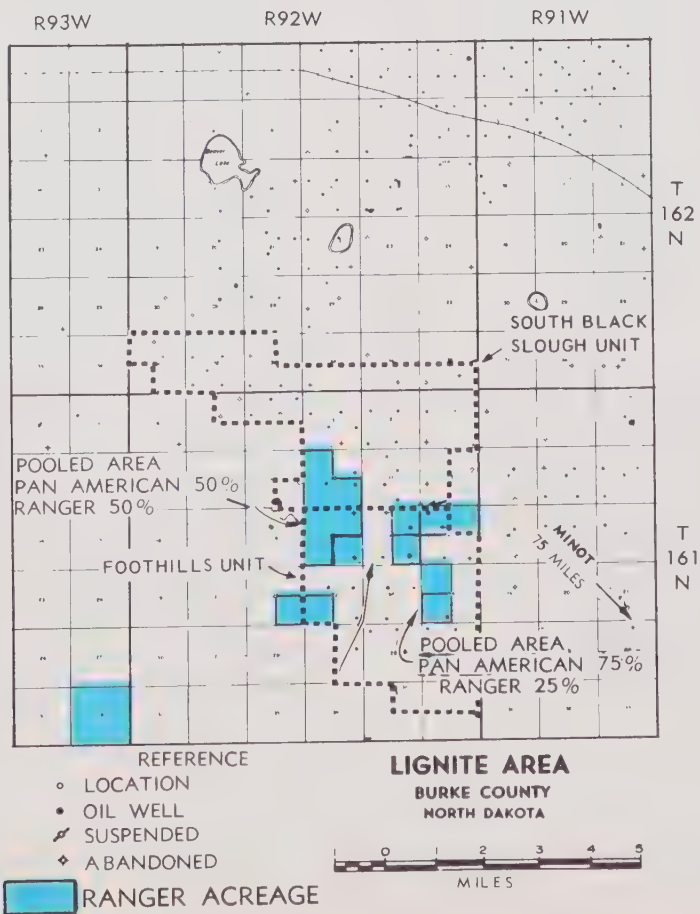
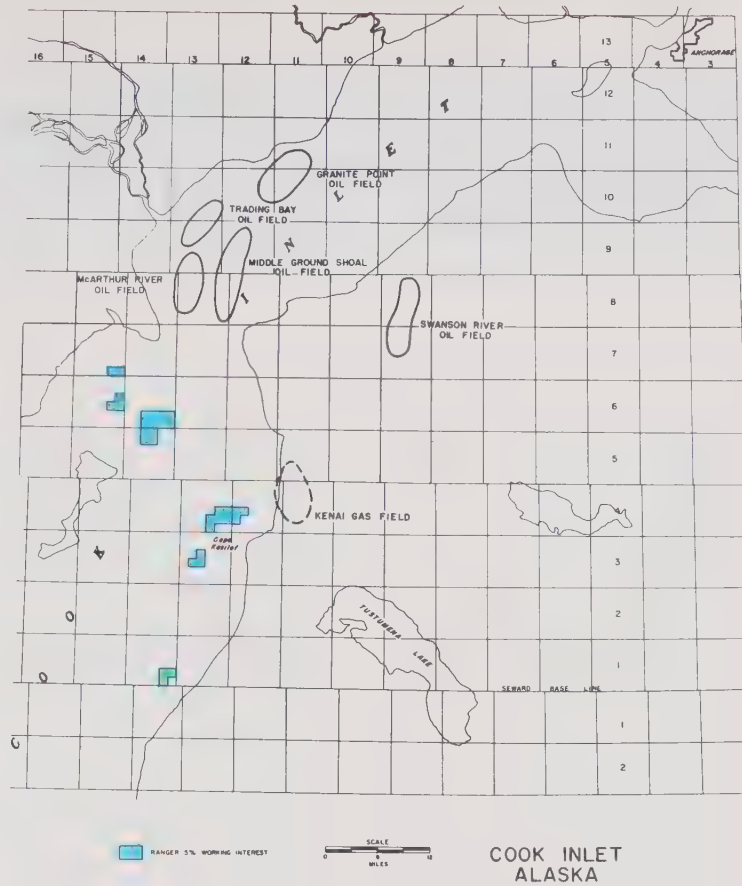
Date Option Granted	Vesting Date	Number of Shares	Price Per Share
March 17, 1967	March 1, 1968	25,000	\$2.50
June 28, 1967	June 28, 1968	25,000	\$2.30
November 20, 1967	February 12, 1969	25,000	\$4.00

Each of these options is exercisable for a period of five years commencing on the vesting date in annual amounts of 5,000 shares. In the event the above options are not exercised in any one year they may be exercised in the succeeding years.

#### Note 5 REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Included in general and administrative expenses in the consolidated statement of earnings is remuneration of directors and senior officers of \$55,610.





**RANGER OIL (CANADA) LIMITED**  
and subsidiary companies  
**TEN YEAR REVIEW**

**FINANCIAL**

	1967	1966	1965
Total revenue from all sources .....	\$ 696,647	\$ 1,003,103	\$ 761,666
Net income from oil and gas sales after royalty and lifting costs .....	532,391	492,763	551,893
Operating cash flow .....	180,539	282,937	358,737
Net (loss) earnings .....	(121,212)	334,734	222,829
Working capital (deficit) .....	252,134	(97,250)	(468,285)
Number of shares issued (December 31) .....	2,964,002	1,979,704	1,607,399
Long term debt .....	—	1,289,240	1,410,000

**OPERATING**

Oil production — gross			
Annual — barrels .....	211,046	216,445	185,750
Daily average — barrels .....	578	593	509
Gas production — gross			
Annual — billion cubic feet .....	1.733	1.709	2.878
Daily average — million cubic feet .....	4.748	4.683	7.884



1964	1963	1962	1961	1960	1959	1958
778,163	\$ 683,246	\$ 703,883	\$ 496,903	\$ 398,768	\$ 392,485	\$ 349,318
584,780	531,780	552,969	398,602	309,390	325,150	236,953
481,546	390,626	321,840	229,409	166,681	216,460	178,344
342,432	(9,416)	108,285	53,464	(45,648)	71,154	63,257
150,759	231,006	145,965	37,474	(16,285)	143,654	21,441
1,587,399	1,587,399	1,587,399	1,587,399	1,582,399	1,582,399	1,457,399
355,000	40,100	162,595	114,236	—	—	75,000
166,954	170,318	227,638	184,698	148,888	138,264	108,450
456	467	624	506	407	379	297
3.405	2.909	1.585	.966	.853	.840	.587
9.303	7.970	4.342	2.646	2.332	2.301	1.607





*Ranger* OIL (CANADA) LIMITED**HALF YEARLY INTERIM REPORT TO SHAREHOLDERS****FOR SIX MONTHS ENDED JUNE 30, 1967****ANNUAL MEETING**

At the Annual General Meeting of the Company on Thursday, June 15, 1967, the following Directors were re-elected: J. M. Pierce, E. O. Parry, F. R. Matthews, Q.C., E. M. Bronfman, W. B. Milner. At the ensuing Directors' Meeting, Mr. J. M. Pierce and Mr. E. O. Parry were appointed President and Vice-President - Secretary-Treasurer, respectively.

**PRODUCTION**

	June 30	
	1967	1966
Oil Production — Ranger's share of gross barrels	102,400	115,200
Gas Production — Ranger's share of gross Mcf	996,000	1,230,000

Gas production has been decreasing because of the delay in Trans Canada Pipeline's Great Lakes looping application — now approved — and a surplus of oilfield flare gas which has priority into the Alberta market by legislation. Both these trends should reverse in the next two years.

Oil production has declined due to the new Alberta proration laws and natural depletion of older properties.

New production from Rainbow and Mitsue should reverse the trend next year.

The new proration regulations award allowables proportionally to reserves. The company management has concentrated successfully in acquiring high reserve and therefore high allowable properties at Mitsue and Rainbow.

## **ACQUISITIONS AND EXPLORATION**

### **Rainbow Area — North West Alberta**

Ranger purchased from its partners their 50% interest in the SW- $\frac{1}{4}$  36-107-10-W6M including the discovery oil well and now owns the property 100%.

At the Alberta Crown Lease Sale on August 1, 1967, Ranger, with Husky Oil Canada Ltd. and other participants purchased the SW- $\frac{1}{4}$  Section 14 and the SE- $\frac{1}{4}$  Section 15-108-10-W6M for \$2,149,595. Ranger is operator for the group and owns 39.5% of the lease. It is expected that drilling will commence on about September 15. It is estimated that the company's total investment in this parcel on completion of the well will be approximately \$1,000,000 presently financed by bank loans secured by other property of the company. This parcel is a north offset to the recently announced Keg River discovery by Banff and Mobil Oil on Lsd. 13-11-108-10-W6M.

The attached map of the Rainbow area of Alberta shows the location of the company's two Rainbow parcels.

### **Zama**

Ranger, Pembina Pipe Line Limited, Husky Oil Canada Ltd. and others purchased the E $\frac{1}{2}$  Section 15-116-6-W6M at the August 1, 1967, Alberta Crown Lease Sale for \$56,507.77. Ranger's interest is 25%. This parcel is one-half mile east of a recent oil discovery by Numac, Whitehall and Alcon and is one-half mile northwest of an oil discovery by Hudson's Bay Oil & Gas. See Zama map on last page.

### **Slave Lake — Mitsue**

The Mitsue Oil Field should be unitized by January 1, 1968. The water injection equipment has been ordered. This unitization and concomitant water flood is expected to give Ranger a substantial increase in proven recoverable reserves and increase net operating income from the field by approximately \$100,000 per annum.

### **Saskatchewan**

Ranger recently farmed out the NW- $\frac{1}{4}$  and SE- $\frac{1}{4}$  Section 4-7-14-W2M in the Loughheed area of S.E. Saskatchewan for a cash consideration and a 5% overriding royalty. This overriding royalty may be converted to a 25% working interest after a well is drilled with Ranger being carried free to the casing point.

### **North Dakota**

Ranger and Pan American jointly farmed out the SW- $\frac{1}{4}$  Section 15, 161N., 92W. to the Northern Pump Company of Minneapolis retaining a  $\frac{1}{8}$  overriding royalty. Ranger owns 50% of this overriding royalty.

It is expected that the Foothills and Black Slough fields in Burke County, North Dakota will be unitized in the very near future.



## **Alaska**

Ranger has a 4.68% interest in 11 parcels of offshore land in the Cook Inlet totalling 22,297 acres acquired at the July 25, Alaska State Sale. The other partners are Mesa Petroleum Co., Central Del Rio Oils Limited and Amarillo Oil Company. Marine seismic is presently being conducted to further evaluate these properties.

## **Offshore — Canada**

Drilling activities by major oil companies has created much interest near our east and west coast offshore acreage. Off the east coast, recent reports show Mobil drilling at approximately 9,925' at their Sable Island location. Ranger owns 100% of three permits approximately 35 miles south of Sable Island.

Off the west coast, Shell has now completed their first of ten offshore tests and are presently moving to a second location 24 miles northeast of Ranger's 42,238 acre permit. Ranger's net offshore acreage is 486,984 acres.

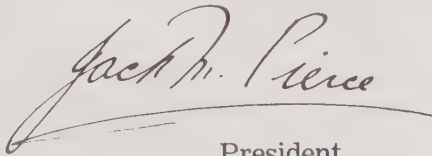
## **FINANCING**

### **Subscription Rights**

As a result, primarily, of acquisitions in the Rainbow Lake area above mentioned the company's indebtedness to its bankers has increased to \$2,800,000 as at August 31, 1967. This indebtedness is fully secured by pledge of producing properties. Repayment of this indebtedness, with interest, would require more than the current cash flow from the production revenues. It is therefore necessary to introduce new capital into the company in order to enable it to sustain the momentum of the first half of 1967. After review of the various methods of financing available to the company its Directors have concluded that current high interest rates on long term debt financing and the ultimate net cost to common stock holders of issuing convertible preferred shares is not as favorable to the existing shareholders as a further issue of common stock. It is felt that shareholders should be given the opportunity to participate pro-rata in any issue of common shares at this time particularly in view of the favorable reception of the rights offer in mid 1966.

Accordingly accompanying this half yearly report is a distribution of subscription rights with explanatory memorandum. Principle shareholders of the company, including officers and directors of the company and corporations represented by them, holding an aggregate of approximately 667,000 outstanding shares, have committed to the company that they will exercise rights distributed to them resulting in their subscription of 333,500 shares at the offering price of \$3.25 per share. The amount thus realized is sufficient to meet the company's current cash requirements for reduction of bank indebtedness, however the entire proceeds of the issue will be applied to this purpose.

Submitted on behalf of the Board of Directors

  
President

September 15, 1967

# *Ranger* OIL (CANADA) LIMITED

(and Subsidiary Companies)

## CONSOLIDATED FINANCIAL DATA

At June 30

	1967	1966
Current assets -----	\$ 196,664	\$ 283,556
Current liabilities -----	* 449,540	* 448,653
Net current assets -----	(252,876)	(165,097)
Property, equipment and other assets — net -----	5,314,753	4,543,497
Long term debt -----	1,675,899	1,165,000
Shareholder's equity -----	3,385,978	3,213,400
Number of shares outstanding -----	1,979,704	1,969,704

\* Includes \$360,000 current portion of  
production loan due in equal monthly  
installments over next 12 months

Subject to year-end audit and adjustments



# *Ranger* OIL (CANADA) LIMITED

(and Subsidiary Companies)

## CONSOLIDATED STATEMENT OF EARNINGS (LOSS) FOR SIX MONTHS ENDED JUNE 30, 1967

	1967	1966
REVENUE		
Oil and gas -----	\$ 341,329	\$ 368,286
Investments -----	4,766	372
Other -----	8,410	6,437
Gain on sale of non-producing properties -----	2,663	56,168
	<hr/> 357,168	<hr/> 431,263
EXPENSES		
Well operating -----	71,506	87,308
Carrying costs of non-producing properties -----	30,559	23,258
Exploration and unproductive development -----	37,728	—
General and administrative expenses -----	74,604	76,039
Interest -----	48,338	58,310
Depletion of producing properties -----	37,240	37,629
Depreciation of equipment -----	26,695	31,073
Properties surrendered -----	95,611	10,452
	<hr/> 422,281	<hr/> 324,069
NET EARNINGS (LOSS) FOR THE PERIOD -----	<hr/> \$ (65,113)	<hr/> \$ 107,194

Subject to year-end audit and adjustments

# *Ranger* OIL (CANADA) LIMITED

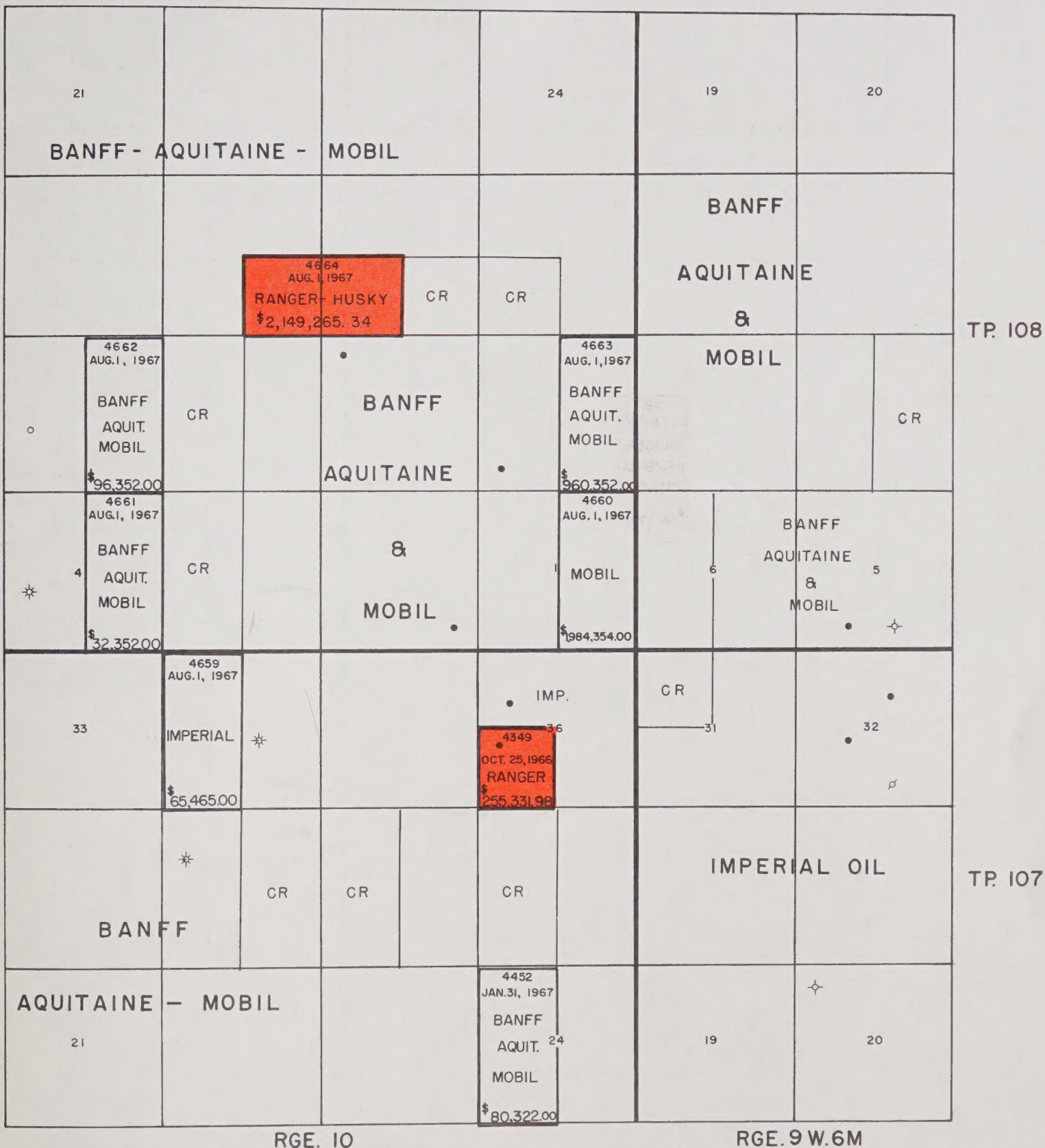
(and Subsidiary Companies)

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR SIX MONTHS ENDED JUNE 30, 1967

	1967	1966
<b>SOURCE OF FUNDS</b>		
Funds provided by operations		
Net income -----	\$ (65,113)	\$ 107,194
Charges (credits) not involving funds		
Depletion of producing properties -----	37,240	37,629
Depreciation of equipment -----	26,694	31,073
Properties surrendered -----	95,611	10,452
Gain on sale of non-producing properties -----	(2,663)	(56,168)
Other -----	4,375	4,466
	<hr/> 96,144	<hr/> 134,646
Proceeds on sale of non-producing properties -----	17,836	84,408
Capital stock issued less share issue expense -----	—	722,719
Bank loan proceeds (net) -----	386,658	—
Other -----	1,400	—
	<hr/> 502,038	<hr/> 941,773
<b>APPLICATION OF FUNDS</b>		
Property and equipment -----	654,553	409,782
Reduction of bank loan (net) -----	—	230,000
Refundable deposits -----	3,112	—
	<hr/> 657,665	<hr/> 639,782
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b> -----	(155,627)	301,991
Working capital deficiency at January 1 -----	97,250	467,088
<b>WORKING CAPITAL DEFICIENCY AT JUNE 30</b> -----	<hr/> <hr/> \$ 252,877	<hr/> <hr/> \$ 165,097

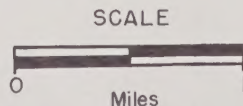
Subject to year-end audit and adjustments





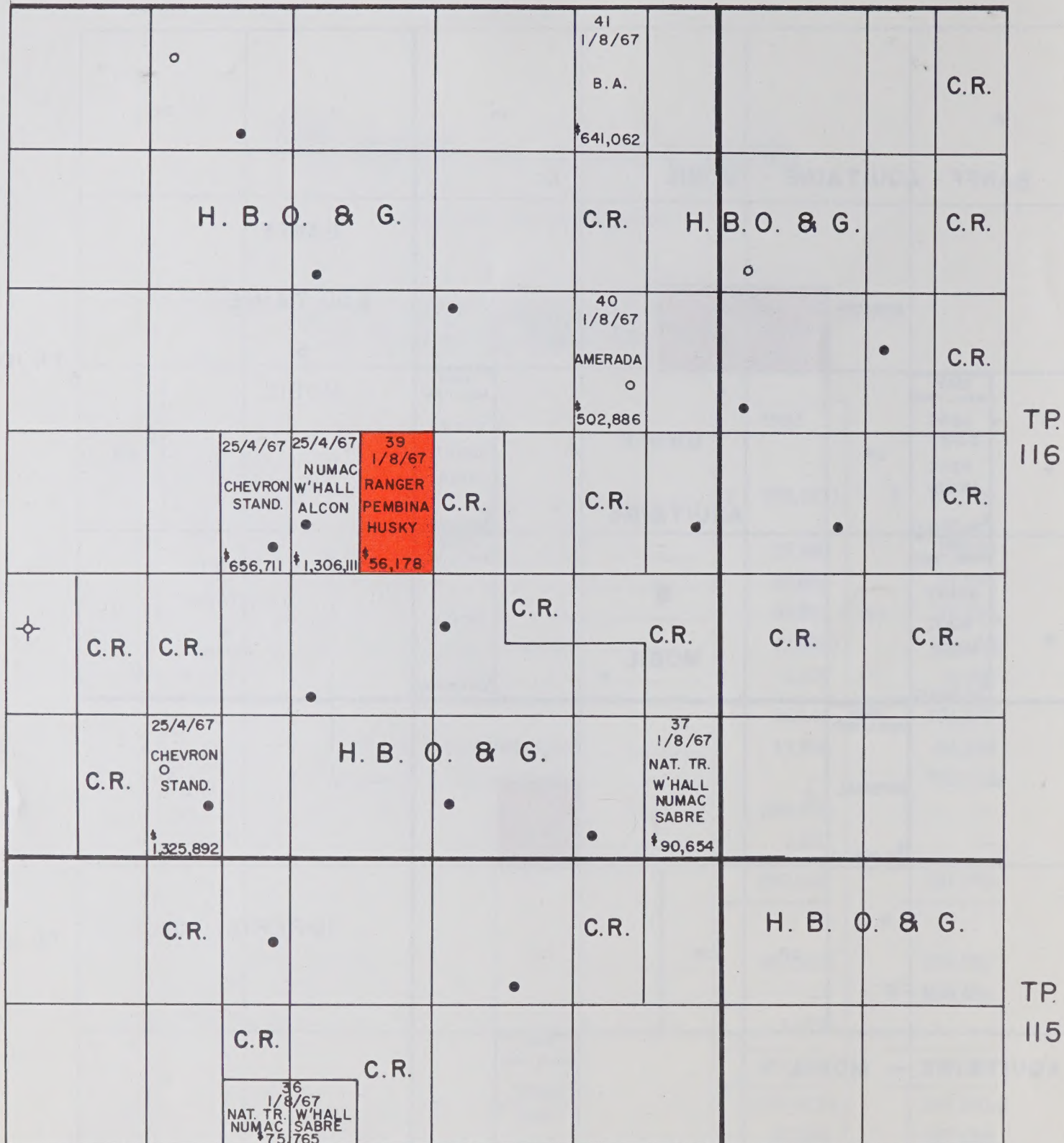
# ALBERTA RAINBOW SOUTH AREA

- Oil
- ✱ Gas
- ✧ Abandoned
- ⊘ Suspended
- RANGER ACREAGE
- CR Crown reserve



RGE. 6W.6M.

RGE. 5



o Location

• Oil

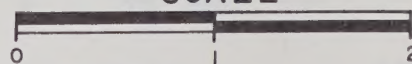
✦ Abandoned



RANGER ACREAGE

C.R. Crown Reserve

SCALE



Miles

ALBERTA  
ZAMA NORTH  
AREA